



St. Lucie County, Florida 2017 Federal Legislative Agenda





**Prepared by Van Scoyoc Associates for the
St. Lucie County Board of County Commissioners**

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Water Resources and Environment

St. Lucie County Federal Beach Nourishment Projects

Support adequate annual funding for the Corps of Engineers Investigations and Construction accounts, including additional funding specifically for “shore protection” projects not identified in the annual Administration budget. **Support** Corps funding of the Fort Pierce beach construction project and the St. Lucie County feasibility study. **Support** expedited Corps review of the General Reevaluation Report for the Fort Pierce project. **Support** H.R. 833 and S. 279, both of which would allow for the option of using non-domestic sand in future federal beach nourishment projects.

Comprehensive Everglades Restoration Plan

Support the continuing implementation of all facets of Everglades restoration, including:

- Complete the entire Indian River Lagoon-South project, including the C-23 and C-24 reservoir projects and associated storm water treatment area;
- Fund continued work on the Central Everglades Planning Project;
- Full funding for the restoration of the Herbert Hoover Dike; and

Continued funding for the Tamiami Trail bridging project to send more water south and reduce the need to send water through the St. Lucie River to the Indian River Lagoon during wet periods.

Port of Fort Pierce: Port Development and Inlet Maintenance Dredging

Support County or other permit applications for purposes of Fort Pierce port development. **Support** adequate annual funding for the Corps of Engineers Operations & Maintenance account, including additional funding for dredging not identified in the annual Administration budget. **Support** additional funding specifically provided for “Small, Remote, or Subsistence Navigation” dredging activities.

Energy Exploration

Oppose the potential expansion of energy exploration in Florida.

Transportation

Infrastructure Investment

Support new federal investment in infrastructure. **Support** any and all opportunities to secure funding for St. Lucie County’s infrastructure priorities.

All Aboard Florida/Brightline

Oppose the Brightline passenger rail expansion project as currently proposed.

Treasure Coast International Airport

Support efforts to establish an independent customs office at the Treasure Coast International Airport. **Support** \$3.35 billion in annual appropriations for the Airport Improvement Program. **Support** efforts to provide a reimbursable fee agreement for the Treasure Coast International Airport so local businesses or other entities may request longer Customs hours or additional staff. **Support** any Treasure Coast International Airport grant proposals through the Airport Improvement Program. **Monitor** the FAA reauthorization proposals for negative impacts to the Treasure Coast International Airport, particularly with regard to privatized air traffic control.



Economic Development & Social Services

Healthcare Reform

Monitor efforts to repeal/replace or amend the Affordable Care Act. **Monitor** changes to Medicaid and Medicare. **Support** the repeal of the excise tax on high-cost health insurance plans (a.k.a. the Cadillac tax) within the Affordable Care Act.

Mental Health Care

Support legislation that responsibly expands treatment options for the mentally ill.

Opioid Addiction

Support appropriations activities to fund programs in CARA and the 21st Century Cures Act. **Monitor** HHS for guidance regarding the allocation of 21st Century Cures state formula funding. **Support** attempts by entities within St. Lucie County to secure funding to fight opioid addiction.

Aging Issues

Support adequate federal funding for Alzheimer's and dementia research at the National Institute on Aging. **Support** continued adequate annual funding for Older Americans Act programs that support critical social service programs serving elder persons in St. Lucie County.

Economic Development Administration

Support continued annual funding of the Economic Development Administration. **Support** any St. Lucie County Economic Development Administration grant applications as applicable.

Community Services Block Grants & Low Income Home Energy Program Funding

Support continued adequate annual funding for both the Community Services Block Grant and the Low Income Home Energy Assistance Program.

Department of Housing and Urban Development Formula Programs

Support adequate funding for future fiscal years for both the HOME Investment Partnerships and the Community Development Block Grants programs because of their critical role in the County's overall efforts to support those that are least fortunate.

Federal Criminal Justice Reform

Support legislation that seeks to improve the federal criminal justice system, including improvements to mental health services for offenders.

Local Government Issues

Domestic Discretionary Spending Pressure

Monitor proposed cuts to non-defense discretionary programs of importance to St. Lucie County

Citrus Issues

Support federal efforts to benefit the citrus industry given its large importance to the economy of St. Lucie County.

Tax-Exempt Bonds

Oppose legislation that would threaten the tax exemption on state and local bonds, including a 28 percent cap on tax-exempt municipal bonds.



Remote Sales-Tax Legislation

Monitor legislation that requires companies making catalog and internet sales to collect and remit the associated taxes. **Support** federal tax policies that maintain revenue streams to local governments.

Transient Occupancy Taxes

Oppose legislation that would exempt Internet travel brokers from paying taxes on the full room rate paid by the consumer, thereby costing St. Lucie County and its political subdivisions the opportunity to collect the appropriate Transient Occupancy Taxes from visitors to the region.



FEDERAL ISSUE: St. Lucie County Federal Beach Nourishment Projects

BACKGROUND; HOW IT MAY AFFECT ST. LUCIE COUNTY: The federal government and St. Lucie County have long partnered on the Fort Pierce shore protection project and the St. Lucie County shoreline feasibility study, the latter of which is evaluating erosion along the southern shoreline of the County.

Fort Pierce Beach Project

To fund beach nourishment projects and studies that are generally not budgeted for by the Administration, Congress has appropriated additional funding for what Congress terms “Additional Funding for Ongoing Work.” In Fiscal Year (FY) 2016, Congress provided \$40 million in additional funding to the Corps for “shore protection” construction activities, as well as \$2.5 million for “shore protection” investigations (studies). These remains the funding sources from which the Fort Pierce beach project and the St. Lucie County feasibility study must compete in the future.

The Fort Pierce beach project was partially renourished using primarily Hurricane Sandy funding provided by Congress for emergency inlet maintenance dredging activities. Then, in the FY 2014 omnibus, the project was provided an additional \$5.2 million for the renourishment in mid-2015. Additional funding is required in the 2017 Corps’ work plan for the next planned nourishment as soon as possible.

In addition, the federal authorization for the Fort Pierce beach project is set to expire in 2020. The County is working with the Corps to secure a new 50-year lifespan for the project without having to restart the federal process of studies and authorizations from scratch.

The Water Resources Development Act (WRDA) of 1999 provided the Corps with the authority to undertake a General Reevaluation Report (GRR) for the primary purpose of incorporating one additional mile to the original 1.3-mile project length. After monitoring the performance of the initial beach nourishment project in 1999, it was evident that the rapid migration of sand southward along the shoreline negated the need for the one-mile extension. Efforts on the GRR continued moving forward with consideration to include: 1) coastal structures to manage the high erosion area immediately south of Ft. Pierce Inlet; 2) Section 111 inlet impacts to increase the federal cost share; 3) revisions to the nourishment cycle to 2 years; and 4) justification for a new 50-year federal project. A Limited Reevaluation Report (LRR) was subsequently completed that increased the federal cost share and revised the nourishment cycle to two years, while the GRR continues moving forward to address the structures and 50-year project life.

Within the past year, the County has taken over responsibility for completing the GRR with Taylor Engineering and will subsequently submit it to the Assistant Secretary of the Army (Civil Works) for review and a decision document as allowed under WRDA 2014. The study should be completed in 2017.

St. Lucie County Feasibility Study

With regard to the south County feasibility study, the study received \$50,000 in the FY 2014 omnibus, which was used to re-scope the project to meet the new 3x3x3 requirement codified by WRDA 2014. An additional \$414,000 in FY 2014 funding was later provided to reinstate efforts on the feasibility study and should keep the study moving along well through at least the end of FY 2015. Then, the St. Lucie County Shoreline Feasibility Study received an additional \$850,000 from the Corps in the FY 2015 Work



Plan and may still need funding in the FY 2017 work plan to complete the study and move towards construction.

The Corps expects to conduct a Civil Works Review Board on July 13 with a Chief of Engineers report scheduled for completion in October 2017.

Sand Source Issues

Over the past several years, it has become clear that communities in south Florida need more sand for beach nourishment projects while there is a relatively large reserve of material off the Treasure Coast. However, transportation distance and grain size and color variations, plus other local concerns, make the Treasure Coast material less suitable for south Florida beaches.

With that in mind, the counties of St. Lucie, Broward, Indian River, Miami-Dade and Martin have joined together to amend law in a 1986 WRDA bill that generally prohibits the exploration of non-domestic sand for American shore protection projects. In the 2016 House version of WRDA, Rep. Frankel was successful in amending the legislation on the House floor to include language allowing for easier exploration of such material during planning efforts for future shore protection projects. Unfortunately, the language was dropped in conference negotiations with the Senate and did not become law.

In the 115th Congress, Sen. Rubio and Rep. Frankel, along with nine original House cosponsors, have introduced S. 279 and HR 833 which mirrors the language in the 2016 House WRDA bill. Passage of such legislation will allow for the option of using non-domestic sand in future federal beach nourishment projects.

RECOMMENDED POSITION: *Support* adequate annual funding for the Corps of Engineers Investigations and Construction accounts, including additional funding specifically for “shore protection” projects not identified in the annual Administration budget. *Support* Corps funding of the Fort Pierce beach construction project and the St. Lucie County feasibility study. *Support* expedited Corps review of the General Reevaluation Report for the Fort Pierce project. *Support* H.R. 833 and S. 279, both of which would allow for the option of using non-domestic sand in future federal beach nourishment projects.



FEDERAL ISSUE: Comprehensive Everglades Restoration Plan

BACKGROUND; HOW IT MAY AFFECT ST. LUCIE COUNTY: In 2000, Congress authorized a 30-year plan, termed the Comprehensive Everglades Restoration Plan (CERP), for the restoration of the Everglades ecosystem in southern Florida. CERP generally focuses on increasing the storage of excess water in the rainy season to provide more water during the dry season for the ecosystem and for urban and agricultural users. When originally authorized, it was estimated that CERP would cost a total of \$8.2 billion and take approximately 30 years to complete. More recent estimates indicate the plan may take 50 years to implement, and could cost \$13.5 billion.

Under CERP, the federal government (through the U.S. Army Corps of Engineers and the Department of the Interior) is expected to fund half of the costs for restoration, with an array of state, tribal, and local agencies paying the other half. In addition to activities under CERP, a number of other federal and state efforts that pre-date CERP (known collectively as “non-CERP,” or “Foundation” activities) also contribute to Everglades restoration.

Since passage of CERP in 2000, federal investment in the Everglades has increased. By the end of FY 2015 the federal government had provided more than \$1 billion in funding for CERP, with the state providing matching funds, as well as advanced funding for land acquisition and construction for expected future CERP projects. Federal funding for non-CERP activities has also continued over this time period, estimated to total more than \$2 billion as of 2015.

Each year, St. Lucie County participates in the 16 County Coalition trip to Washington, DC to advocate on behalf of Everglades restoration activities. The 16 participating counties are all part of the South Florida Water Management District (SFWMD). The following Coalition and County priorities contribute to the health and welfare of the regional environment, as well as the economic health of the County and surrounding areas.

Indian River Lagoon-South

The County remains extremely interested in completion of the entire Indian River Lagoon-South (IRL-S) project, particularly construction of the C-23 and C-24 reservoirs and associated storm water treatment area (STA). The IRL-S project is a component of CERP, and was first authorized by Congress in 2007. In Fiscal Years 2014-15, the Florida Legislature appropriated \$20 million, which will, in part, be used to purchase water conservation land along the C-23 and C-24 canals. The County has agreed to also contribute by providing \$1 million toward the purchase of conservation land.

In 2016, the Integrated Delivery Schedule (IDS) for federal Everglades restoration efforts continues to include these projects. According to the IDS, design and PPA execution will occur beginning in 2018 and 2019 for the two reservoirs, respectively. There is still land that must be acquired for at least one of the reservoirs by the non-federal sponsors prior to construction commencing. The Task Force utilizes the IDS to determine the proposed sequencing of projects, which makes it important for the completion of the C-23 and C-24 reservoirs and STA.

Central Everglades Planning Project

The St. Lucie River and the Indian River Lagoon feel the brunt of Lake Okeechobee management during periods of rainy conditions. Too often in the wet season, the River and Lagoon suffer from excessive storm water runoff from areas upstream of St. Lucie County, as well as massive releases of nutrient-laden water from Lake Okeechobee and its watershed.



To help address these issues, the Corps began the Central Everglades Planning Project (CEPP), which seeks to allow more water to be directed south to the central Everglades, Everglades National Park and Florida Bay while protecting the St. Lucie and Caloosahatchee estuaries. CEPP was authorized via WRDA 2016 and now needs funding via the annual budget and appropriations process to move into preconstruction, engineering and design and ultimately construction of actual projects.

Herbert Hoover Dike

Meanwhile, the Corps continues work on Herbert Hoover Dike, the 143-mile structure surrounding Lake Okeechobee, which provides the largest amount of storage for the Everglades system. Since 2007, the Corps has invested over \$500 million in projects designed to reduce the risk of catastrophic failure of the aging structure. Actions taken include installing a cutoff wall, removing and replacing water control structures (culverts), and conducting a variety of studies and technical reviews to help ensure the safety of south Florida residents and ultimately provide for more water storage in the Lake. The Corps is also nearly finished restoring the Kissimmee River, a tremendous achievement.

RECOMMENDED POSITION: *Support* the continuing implementation of all facets of Everglades restoration, including:

- Complete the entire Indian River Lagoon-South project, including the C-23 and C-24 reservoir projects and associated storm water treatment area;
- Fund continued work on the Central Everglades Planning Project;
- Full funding for the restoration of the Herbert Hoover Dike; and
- Continued funding for the Tamiami Trail bridging project to send more water south and reduce the need to send water through the St. Lucie River to the Indian River Lagoon during wet periods.



FEDERAL ISSUE: Port of Fort Pierce: Port Development and Inlet Maintenance Dredging

BACKGROUND; HOW IT MAY AFFECT ST. LUCIE COUNTY: Dredging of the Fort Pierce Inlet and Harbor by the Army Corps of Engineers was completed in November of 2014, using funding from the Hurricane Sandy emergency supplemental bill. This dredging restored the inlet channel and interior turning basin to the maximum permitted depth of 28 feet. The next maintenance dredging will be needed prior to approximately five years.

To fund dredging projects that are not generally budgeted for by the Administration, Congress has added additional funding for what Congress terms “Additional Funding for Ongoing Work.” Among these amounts, Congress in Fiscal Year (FY) 2016 provided \$48 million in additional funding to the Corps for “Small, Remote, or Subsistence Navigation” Operations & Maintenance (O&M) activity, which is an increase from the FY 2015 funding level of \$42.5 million. This is the funding from which the Fort Pierce Inlet must compete in the future to maintain the channel.

Meanwhile, the County has aggressive plans to develop the Port of Fort Pierce in partnership with private entities to create economic opportunity and jobs for the region. With that anticipated development will come a need for a number of federal permits, some of which could pose unique challenges and require engagement with federal resource agencies.

RECOMMENDED POSITION: **Support** County or other permit applications for purposes of Fort Pierce port development. **Support** adequate annual funding for the Corps of Engineers Operations & Maintenance account, including additional funding for dredging not identified in the annual Administration budget. **Support** additional funding specifically provided for “Small, Remote, or Subsistence Navigation” dredging activities.



FEDERAL ISSUE: Energy Exploration

BACKGROUND; HOW IT MAY AFFECT ST. LUCIE COUNTY: Active energy drilling currently occurs in both the western and central Gulf of Mexico, while nearly the entire eastern Gulf is protected from drilling until 2022 by the Gulf of Mexico Energy Security Act of 2006 (GOMESA). Drilling does not currently occur off of the Atlantic coast of Florida. State waters in the Atlantic extend three miles from shore, with the federal government controlling waters beyond that point.

For many years, the federal government has developed five-year Outer Continental Shelf (OCS) Oil and Gas Leasing programs to guide energy exploration activities in federal waters. The most recent plan, developed for 2012-2017, did not propose to lease any areas in the Atlantic OCS for oil and gas drilling. However, the Administration's plan did indicate that it would allow seismic analyses to determine energy resource potential in areas of the Atlantic OCS from Delaware to parts of Florida (approximately north of Brevard County).

On January 17, 2017, the Secretary of the Interior approved BOEM's finalized OCS Oil and Gas Leasing Program for 2017-2022 and issued a Record of Decision (ROD) for the programmatic Environmental Impact Statement (EIS). In approving the Program, the Secretary chose Alternative C (the Preferred Alternative) from the Final Programmatic EIS. The ROD identifies Alternative D, No Action, as the environmentally preferable alternative. In addition, the ROD outlines programmatic mitigation measures that will apply to all sales that occur during this Program in areas where the mitigation measures are applicable.

There are two major differences between the 2012-2017 program and the 2017-2022 program. Of interest to St. Lucie County is that under the 2017-2022 program there will be ten region-wide sales comprised of the Western, Central, and Eastern Gulf of Mexico unleased acreage not subject to moratoria or otherwise unavailable, instead of separately offering the Central and Western areas in two annual sales and periodic sales in the Eastern area. The second difference is in regard to Alaska. Lastly, while this program is just beginning, we expect that development of the 2022-2027 program will begin in 2019 under the current Administration.

Congress also continues working toward opening up additional offshore energy exploration. In the 114th Congress, the Senate Energy and Natural Resources Committee approved a bill titled the Offshore Production and Energizing National Security (OPENS) Act that would allow new energy production on the Outer Continental Shelf (OCS) in the eastern Gulf of Mexico, the South Atlantic, and in the waters off of Alaska. The OPENS Act would also expand offshore revenue sharing to Florida in 2017 for leases in the eastern Gulf of Mexico. Currently, only Texas, Louisiana, Mississippi, and Alabama receive revenue from offshore drilling activities in the Gulf of Mexico. The bill would also direct the Interior Department to hold lease sales in the eastern Gulf in 2018, 2019, 2020, and after 2022.

In response to the Committee's approval of the OPENS Act, Senator Bill Nelson sent a letter to Majority Leader Mitch McConnell (R-KY) and Minority Leader Harry Reid (D-NV) saying he would use "all available procedural options to block it."

In early January 2017, Senator Bill Nelson re-introduced his Marine Oil Spill Prevention Act (S. 74). The purpose of the bill is to protect Florida from the threat of offshore drilling until at least 2027. The legislation amends the Gulf of Mexico Energy Security Act of 2006 to extend the moratorium on oil and gas leasing in certain areas in the Gulf of Mexico until June 30, 2027. It sets forth provisions concerning



Coast Guard responsibilities, including designating areas that are at heightened risk of oil spills and implementing measures to ameliorate that risk. This bill also amends the Oil Pollution Act of 1990 to establish a Gulf Coast Regional Citizens' Advisory Council to advise on facilities and tank vessels, among other things.

President Trump, however, has stated that he intends to open additional onshore and offshore leasing on federal lands and in federal waters, particularly in the Atlantic and the Arctic. It is unclear if he intends to open leases in other areas - and doing so could take up to two years - but the 115th Congress will likely be supportive of attempts to open additional lands and waters to energy exploration and harvesting.

RECOMMENDED POSITION: *Oppose* the potential expansion of energy exploration in Florida.



FEDERAL ISSUE: Infrastructure Investment

BACKGROUND; HOW IT MAY AFFECT ST. LUCIE COUNTY: Traditionally, Congress has invested in infrastructure via a number of methods, primarily through legislation or programs like transportation authorizations, Federal Aviation Administration authorizations, revolving loan funds, through the tax code via bond programs, or earmarks prior to 2009. The last big influx of new and unexpected investment in infrastructure occurred via the 2009 Stimulus bill, which, among other things provided \$105.3 billion for infrastructure, including \$48.1 billion on transportation, \$18 billion on water, environment, and public lands, and the remainder on government buildings, telecommunications and broadband, and energy infrastructure.

Recently however, federal funding for infrastructure still fell to a 30-year low as a share of Gross Domestic Product. The American Society of Civil Engineers said in its latest report that \$3.6 trillion was needed to bring all segments of U.S. infrastructure up to a state of good repair.

In response, the Trump Administration has made bold promises to invest \$1 trillion in infrastructure over ten years. President Trump has given few details about his plans, but has said he would like the private sector to provide much of the funding. He has also indicated funding could be available not just for roads and bridges, but also for airports, schools and hospitals.

The most detailed plan, authored by Wilbur Ross, the nominee for Secretary of Commerce, and economist Peter Navarro, suggests there will be \$1 trillion in "cost-neutral" investment funded mostly with repatriated foreign corporate income. More specifically, Trump has proposed reducing the rate companies would pay to bring cash held overseas by U.S. corporations to 10 percent, down from 35 percent. Those companies then could invest in infrastructure projects, benefit from a new 82 percent tax credit and effectively erase their 10 percent repatriation tax.

However, lowering the cost of money with tax credits to investors may not entice the kind of investment suggested because local governments already have access to the municipal bond market, which benefits from the lowest financing costs in more than 50 years. The Congressional Budget Office reported in 2015 that just 26 private-investment projects were completed or underway nationwide.

Meanwhile, the Trump Administration and Congress will also have to decide whether to allow investment in new projects or upgrade existing infrastructure. Private investors are more likely to invest if they can make a profit. That often means tolls on roads and bridges, rate increases on water infrastructure, or property taxes on other projects. That becomes more difficult for environmental improvements or projects located in more rural areas. Also, voters have shown a reluctance to accept tolling on existing infrastructure.

With regard to specific infrastructure projects, in late January 2017, a list of 50 infrastructure projects was circulated. The origin of the list is somewhat unclear with conflicting reports that it was compiled by the Trump transition team or by the National Governor's Association for the Trump transition team. The list mentions that the projects would be funded with 50% private investment. However, there is no additional public discussion regarding projects or a more formal plan, including how to pay for it using either public or private funds. These projects may be reflective of the type of infrastructure investment that will be supported by the Trump Administration.



Lastly, during his first week in office, Senate Democrats called President Trump's bluff (so to speak) and outlined an ambitious proposal to spend \$1 trillion on a broad range of infrastructure projects over the next ten years. Since the announcement, neither the President nor Republican members of Congress have responded in any significant way to the Democrats' offer.

The proposal suggests the following investments:

Reconstruct Roads & Bridges \$100B	Improve Airports \$30B
Revitalize Main Street \$100B	Address Ports & Waterways \$10B
Expand TIGER \$10B	Build Resilient Communities \$25B
Rehabilitate Water and Sewer \$110B	21st Century Energy Infrastructure \$100B
Modernize Rail Infrastructure \$50B	Expand Broadband \$20B
Repair & Expand Transit \$130B	Invest in Public Lands & Tribal Infrastructure \$20B
Vital Infrastructure Program \$200B	Modernize VA Hospitals \$10B
Rebuild Public Schools \$75B	Provide Innovative Financing Tools \$10B

Congressional Republicans on the other hand, continue to discuss a desire to provide more funding for infrastructure, but have not offered a formal proposal or a specific time as to when they may be able to tackle the issue given other priorities. Some continue to look at repatriation of corporate foreign income as an at least partial funding source, while others suggest those funds should be used for tax reform. There is little to no talk of Congress simply using deficit spending to fund infrastructure.

While it is unclear how this discussion will progress during the 115th Congress, it is possible that new infrastructure investment opportunities could be created and used to fund projects in St. Lucie County.

RECOMMENDED POSITION: *Support* new federal investment in infrastructure. *Support* any and all opportunities to secure funding for St. Lucie County's infrastructure priorities.



FEDERAL ISSUE: All Aboard Florida/Brightline

BACKGROUND; HOW IT MAY AFFECT ST. LUCIE COUNTY: In 2012, Florida East Coast Industries (FECI) introduced a proposal for a privately-funded service known as All Aboard Florida (AAF), which was later renamed to Brightline. Brightline proposes new intercity express rail service between downtown Miami and Orlando, with additional stations in downtown Fort Lauderdale and downtown West Palm Beach. Brightline is expected to provide sixteen daily round-trip trains, totaling 32 additional trains on the corridor with maximum speeds of 79 MPH south of West Palm Beach, 110 MPH between West Palm Beach and Cocoa, and 125 MPH from Cocoa to Orlando. The FEC rail corridor is proposed to also continue carrying freight service, which is projected to increase significantly as well.

FECI originally applied for a \$1.6 billion “Railroad Improvement and Investment Fund” loan from the Federal Railroad Administration. However, after concerns from local, state, and federal entities, FECI withdrew its application for the loan and introduced plans to finance the rail line through private activity bond allocations. FECI’s request to do so was approved by the Florida Development Finance Corporation. As currently proposed, Brightline concentrates public benefits only in communities where stations are planned (West Palm Beach, Fort Lauderdale, Miami, and Orlando), bypassing Martin, St. Lucie, and Indian River counties entirely. However, all local governments along the corridor will incur costs and impacts of different forms.

To accommodate both passenger and freight service in the corridor, FECI proposes to install a second track from Miami to Cocoa within FEC’s current right-of-way, which will require reconstruction of 352 existing grade crossings. Although not necessarily required, FECI has indicated it will fund the cost of safety improvements necessary for the operation of the proposed Brightline service. The added safety improvements and equipment to be installed by FECI may help in achieving quiet zone designations at selected grade crossings, but will not fully mitigate impacts to the communities. It is expected that additional infrastructure will be required at many grade crossings to increase the safety rating sufficient for quiet zone designation. In St. Lucie County, there are 23 railroad crossings along the FECI tracks that are maintained in whole or part by the County.

Recently, Brightline has received delivery of one train and is testing in West Palm Beach for Phase 1, set to run between Miami and West Palm Beach. Construction of the three stations for Phase 1 is underway and the company plans to begin service in 2017.

Meanwhile, Martin and Indian River counties filed suit in 2016 over the sale of \$1.75 billion in tax-exempt bonds for the Brightline project, arguing that federal officials violated the National Environmental Policy Act when they approved the sale before an environmental study of the second phase was complete. USDOT in November 2016 withdrew its 2014 approval granting All Aboard Florida’s Brightline permission to sell the bonds. Instead, DOT granted Brightline provisional permission to move forward with a smaller, \$600 million bond sale that will help the company complete Phase 1 of the project.

RECOMMENDED POSITION: *Oppose* the Brightline passenger rail expansion project as currently proposed.



FEDERAL ISSUE: Treasure Coast International Airport

BACKGROUND; HOW IT MAY AFFECT ST. LUCIE COUNTY: In July 2016, Congress passed a short-term Federal Aviation Administration (FAA) extension through September 2017. Before passing this bill, the Senate passed a bi-partisan, comprehensive FAA reauthorization bill. The House was unable to move their version of the bill, primarily due to controversy over the bill's inclusion of language to privatize the FAA's air traffic control functions.

While the legislation ultimately signed into law was not a full blown reauthorization, it was more than a simple extension. The bill included several policy provisions, particularly related to security. These included allowing the Transportation Security Administration (TSA) to donate unneeded screening equipment to foreign airports with direct flights to the US; expanding TSA's PreCheck program; tightening the vetting of airport employees; increasing the presence of special teams with bomb-sniffing dogs around airport perimeters; and establishing a new program to detect and mitigate unauthorized operation of unmanned aircraft around airports and critical infrastructure. The bill also required air carriers to refund baggage fees when items are lost or delayed, required DOT to issue a rule aimed at improving air travel for persons with disabilities, and required airlines to ensure that children 13 years old or younger are seated adjacent to an adult or older child traveling with them.

The FAA extension maintained the existing level of funding authorization (\$3.35 billion) for the Airport Improvement Program (AIP). AIP is a federal grant program that provides funds to public airports to improve safety and efficiency. The program is funded through taxes on airplane tickets and aviation fuel. This funding stream is critical to improvements at the Treasure Coast International Airport and is subject to annual appropriations by Congress.

For FY 2016, Congress provided \$3.35 billion for the AIP program which was an increase over the Administration's budget request of \$2.9 billion (which included the elimination of guaranteed funding for large and medium hub airports). The purpose of the proposal was to focus federal grant support on smaller commercial and general aviation airports that are less likely to have access to additional revenue or other outside sources of capital. In FY 2017, the Administration made the same budgetary request. Again, Congress is likely to overrule the proposal. The Senate and House each included \$3.35 billion in their respective versions of the FY2017 Transportation Appropriations bill for AIP.

The FY 2017 Administration budget request proposed to allow larger airports to increase non-federal passenger facility charges (PFC), thereby giving larger airports greater flexibility to generate their own revenue. Authorized by Congress in 1992, the PFC allows commercial airports controlled by public agencies to charge \$3.00 per passenger through airline tickets. The PFC cap was raised in 2001 to \$4.50, but has not been increased since. Several airport groups, including the American Association of Airport Executives and the Airports Council International-North America, advocate for local authority to raise the cap per enplanement in order to meet current infrastructure needs and prepare for future demand.

Treasure Coast International Airport Customs Facility

The Treasure Coast International Airport's (KFPR) Customs office in Fort Pierce is managed by the Palm Beach Customs office. As such, all requests for service must first be approved by the Palm Beach office. This creates problems because, as an example, the Fort Pierce Custom's officers must have overtime requests approved by Palm Beach, making it difficult to meet the dynamic needs of the busy airport.



The airport had another fantastic year in 2015, welcoming over 4,500 flights and 18,000 passengers on flights to our region. These passengers and planes operate for recreational and business purposes and stop at the airport to clear Customs before continuing their journey or remaining for a stay. For six years in a row, the Fort Pierce Customs office has been voted the number one inspection station in the entire country by a popular flying magazine. A large majority of the aircraft are not based in St. Lucie County and stop at the airport for the sole reason of clearing Customs and maybe filling up on gas or food. For St. Lucie County, the benefit of having these visitors is that they all get to see all of the great assets the airport has to offer, including a paint shop, maintenance facilities, etc. Most of the over 50 businesses and 1100 employees based at the airport, as well as many boat manufacturers in the immediate area, enjoy some benefit from the Customs office. Given that, the Custom's operation is VITAL to everything the airport does and the County does all it can to support the Customs office. For example, the County is working on a \$2.1M renovation project for Custom's to put them in a new built-to-suit building.

With that in mind, the County would like for its airport to become its own port of entry rather than a landing rights field under the jurisdiction of the Port of Palm Beach. The County believes this removal of bureaucracy would help make the office more efficient and boost the County's efforts to further improve its airport.

Finally, with respect to added Customs staff or additional hours, the County may benefit from existing law that allows for reimbursable fee agreements to pay for additional Customs staff. Generally, businesses or other entities utilizing such additional staff or hours will pay for the added services through a reimbursable fee agreement with the airport and the Customs office.

RECOMMENDED POSITION: *Support* efforts to establish an independent customs office at the Treasure Coast International Airport. *Support* \$3.35 billion in annual appropriations for the Airport Improvement Program. *Support* efforts to provide a reimbursable fee agreement for the Treasure Coast International Airport so local businesses or other entities may request longer Customs hours or additional staff. *Support* any Treasure Coast International Airport grant proposals through the Airport Improvement Program. *Monitor* the FAA reauthorization proposals for negative impacts to the Treasure Coast International Airport, particularly with regard to privatized air traffic control.



FEDERAL ISSUE: Healthcare Reform

BACKGROUND; HOW IT MAY AFFECT ST. LUCIE COUNTY: The Patient Protection and Affordable Care Act (PPACA), often referred to simply as the Affordable Care Act (ACA) or “Obamacare,” was passed by Congress and signed into law in 2010. The primary goal of the ACA was to increase the quality and affordability of health insurance, as well as lower the uninsured rate by expanding public and private insurance coverage. The law included a number of mechanisms, including individual and employer mandates, insurance exchanges, minimum standards of care, and new taxes/fees to accomplish these goals.

Since its passage in 2010, Republicans have unsuccessfully worked to repeal all, or parts, of the law many times. However, the 2016 election, which resulted in unified government under Republican control, is likely to provide an opportunity to successfully do so. President Trump has expressed support for maintaining some provisions of the ACA however, including the provision that forbids insurance companies from denying coverage to people with preexisting conditions, as well as allowing young adults to stay on their parents’ policies until they are 26. Meanwhile, Congress appears focused on a “repeal and replace” strategy that attempts to unravel Obamacare without immediately depriving reportedly more than 20 million people of their health insurance.

More specifically, some broad ideas discussed by Republicans have included:

- Repealing the Medicaid expansion under the ACA and turning Medicaid into a block grant program;
- Privatizing Medicare and/or turning it into a voucher system, which might impact St. Lucie County’s residents more than others given the community’s high percentage of older Americans;
- Restoring the role of regulating health insurance to the states;
- Allowing insurance plans to be sold across state lines, rather than through individual state exchanges;
- Re-establishing high-risk pools;
- Changing the tax code to allow individuals to deduct health insurance premiums; and
- Expanding access to tax free Health Savings Accounts.

With respect to Medicaid, if it were changed to a block grant program, federal expenditures would be limited to a set amount given to states, ostensibly with fewer strings attached. This however, could end up forcing states and counties to come up with more money for Medicaid depending on how large of a block grant is provided to Florida and what type of program the state develops.

During his time as Governor of Indiana, Vice President Pence implemented policies that would require Medicaid enrollees to pay a small monthly contribution towards their coverage into a health savings account. That idea could soon become a national model as President Trump nominated Seema Verma to run the Centers for Medicare and Medicaid Services. Ms. Verma helped Pence develop the changes to Medicaid in Indiana.

Meanwhile, House Speaker Paul Ryan (R-WI) has long supported the idea of privatizing Medicare. Following the election, he suggested that any ACA reform should also include Medicare reform. Specifically, Speaker Ryan supports changing Medicare from a single payer system in which the federal government pays directly for healthcare to a system where beneficiaries would use government benefits



(i.e. a voucher) to purchase private insurance. According to Ryan, this would inject competition into the market, thereby reducing prices. However, critics point out this would effectively end the program, and force seniors to navigate the private insurance market. There are also concerns that this could actually increase costs, as Medicare tends to be less expensive than private insurance.

While President Trump has not yet committed to the privatization or reform of Medicare into a voucher program, he has expressed a desire to “modernize” the program. In addition, Trump nominated House Budget Chairman Tom Price (R-GA) to run the Department of Health and Human Services, and Price has supported efforts to turn Medicare into a voucher program.

ACA repeal or reform could provide an opportunity to address the issue of the Cadillac tax. Under the ACA, a Cadillac health plan is defined as a plan with annual premiums exceeding \$10,200 for individuals or \$27,500 for families. Under current law, and beginning in 2020, a 40 percent excise tax will be assessed on any dollar amount paid in premiums exceeding the aforementioned values, which, after 2020, will adjust to inflation annually. However, the rate of growth in healthcare costs often outpaces the rate of inflation, meaning employers are likely to pay significantly more each year. Originally envisioned as a tool to reduce healthcare costs, the tax in practice looks increasingly like an increase in out-of-pocket costs for workers. The tax, which is estimated to generate \$87 billion over the next ten years, is an offset to pay for the ACA.

The excise tax was originally slated to begin in 2013. However, due to strong concerns expressed by labor groups and others, the ACA was amended by Congress to delay the tax until 2018. Most recently, a provision was included in the FY 2016 omnibus appropriations bill that will delay the Cadillac tax for two additional years, meaning implementation is now set to occur in 2020. The delay is expected to cost \$35 million over two years.

RECOMMENDED POSITION: *Monitor* efforts to repeal/replace or amend the Affordable Care Act. *Monitor* changes to Medicaid and Medicare. *Support* the repeal of the excise tax on high-cost health insurance plans (a.k.a. the Cadillac tax) within the Affordable Care Act.



FEDERAL ISSUE: Mental Health Care

BACKGROUND; HOW IT MAY AFFECT ST. LUCIE COUNTY: It is estimated that more than 50 million Americans experience some form of mental illness each year, with 11 million considered severely mentally ill. Millions of those who suffer (approximately 40 percent), however, are not able to access the treatment they need. Even when care is delivered, it is often delayed for more than two years after the illness first appears.

There has been a renewed interest in mental health care over the past several years. The Patient Protection and Affordable Care Act (ACA, also known as “Obamacare”) included significant reforms to mental health coverage. Specifically, the legislation named mental health treatment as an essential health benefit that insurance plans are required to cover. While most large-group plans previously offered some kind of mental health benefits, only 18 percent of small-group and individual plans covered mental health. Furthermore, it is estimated that the Medicaid expansion under the ACA has provided as many as 2.8 million people who suffer from a serious mental illness with coverage.

In addition to these provisions, the Administration has begun to implement the 2008 Mental Health Parity and Addiction Equity Act, which requires insurers to cover mental health at a level that is comparable to their physical health coverage.

In December 2016, President Obama signed into law the 21st Century Cures Act, which includes a number of provisions related to healthcare, mental health, and addiction. Among other things, the bill reauthorizes several key mental health and substance abuse programs, such as the Community and Mental Health Services block grant, the Substance Abuse Prevention and Treatment block grant, and the Mentally Ill Offender Treatment and Crime Reduction Act. It also includes a provision to strengthen the Mental Health Parity and Addiction Equity Act.

Lastly, the Helping Families in Mental Health Crisis Act, which was passed by the House in July and includes a number of positive mental health reforms, has been rolled into the 21st Century Cures Act. This legislation proposed reorienting the mental health system from its focus on serving the largest number of highest functioning patients towards providing treatment for the most seriously mentally ill instead. Specific initiatives within the legislation include: lifting a 16-bed cap on inpatient psychiatric hospital beds under Medicaid, advancing tele-psychiatry to link primary care doctors with mental health providers in areas where patients do not have access to such services, increasing funding for brain research to better understand the underlying causes of mental illness, extending health IT so mental health providers can better coordinate with primary care physicians, and implementing criminal justice reforms so patients are treated within the healthcare system and not through the justice system, among several other provisions.

The legislation has an estimated \$6.3 billion price tag. Roughly half of the bill would be offset by future cuts of \$3.5 billion to the Prevention and Public Health Fund, which was created by the Affordable Care Act (Obamacare) and helps fund public health departments around the country. It is important to note that this fund may disappear as Congress and the Trump Administration work to repeal Obamacare, thereby making these “savings” meaningless.

RECOMMENDED POSITION: *Support* legislation that responsibly expands treatment options for the mentally ill.

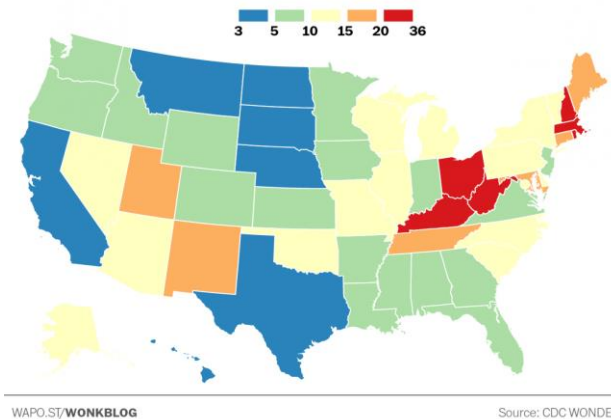
FEDERAL ISSUE: Opioid Addiction

BACKGROUND; HOW IT MAY AFFECT ST. LUCIE COUNTY: Opioids are a class of drugs made from opium, as well as synthetic or semi-synthetic drugs that resemble these opium-based drugs. Many opioids are available by prescription. Examples include oxycodone, codeine, morphine, and fentanyl. Heroin is an opioid that is illegal. These drugs are often referred to as narcotics.

Over 33,000 people died of opioid overdoses in the United States in 2015. The below map shows total opioid death rates by state. The data in the map encompasses everything from heroin to hydrocodone to fentanyl. Nationally, there are about 10.4 deaths by opioid overdose for every 100,000 people, but these deaths aren't evenly distributed across the country. New England and the Ohio/Kentucky/West Virginia region stand out as hot spots. Florida's rates are relatively low by comparison although the problem may be increasing. According to the Centers for Disease Control, Florida was one of 19 states to have a statistically significant increase in drug overdose death rates between 2014 and 2015.

Opioid deaths in 2015

Age-adjusted death rates (per 100,000) for overdose deaths from all opioid drugs



Congress has taken two major steps on opioid addiction. First was the Comprehensive Addiction and Recovery Act (CARA) passed in July 2016. This bill authorized a variety of activities across many federal agencies to combat opioid addiction. This includes pharmaceutical research and development, law enforcement tools, addiction recovery programs, and the like. However, CARA does not provide any funding for these activities. It will be up to the appropriators in FY 2018 to fulfill the intent of the bill.

The 21st Century Cures Act, passed in December 2016, also addresses opioid abuse. Section 1003 of the bill provides \$1 billion to the states to address opioid abuse. The \$1 billion is to be provided over a two year period, and the first \$500 million tranche was appropriated in the FY 2017 Continuing Resolution in December 2016.

As of now, Department of Health and Human Services has not issued guidance describing the formula for allocation to the states. However, the bill does specify that the Secretary may give preference to states with high incidence of opioid abuse. It is possible that the CDC's rating of Florida as having a statistically significant increase in drug overdose deaths between 2014 and 2015 would result in Florida receiving extra points/funding in the formula allocation. Under the program, funding is very flexible. It



can be used for prescription drug monitoring programs, prevention activities, healthcare professional prescribing training, addiction treatment, and other activities which could reasonably fight the problem.

In addition to the 21st Century Cures Act and CARA funding for opioid abuse mitigation, other activity is expected in the 115th Congress. During his campaign, President Trump laid out ambitious plans to combat the problem. In Appalachia and New England, this message was very effective, so it is very possible that he will return to this issue. He could go to Congress with additional proposals to combat the problem, or he may direct HHS and other agencies to ramp up counter-opioid programs in the budget process.

Either through appropriators funding of CARA activities or federal agencies fighting opioid addiction through discretionary programs under the Secretary, there will be opportunities to address opioid addiction 115th Congress.

RECOMMENDED POSITION: **Support** appropriations activities to fund programs in CARA and the 21st Century Cures Act. **Monitor** HHS for guidance regarding the allocation of 21st Century Cures state formula funding. **Support** attempts by entities within St. Lucie County to secure funding to fight opioid addiction.



FEDERAL ISSUE: Aging Issues

BACKGROUND; HOW IT MAY AFFECT ST. LUCIE COUNTY:

National Institute on Aging – Funding for Alzheimer’s and Dementia Research

The National Institute on Aging (NIA), one of the 27 institutes and centers of the National Institutes of Health (NIH), leads the national scientific effort to understand the nature of aging in order to promote the health and well-being of older adults, whose numbers are projected to escalate in the coming years due to increased life expectancy and the aging of the baby boomer generation. According to the U.S. Census Bureau, the number of people age 65 and older will more than double between 2010 and 2050 to 88.5 million, or 20 percent of the population; and those 85 and older will increase three-fold to 19 million.

Chronic diseases associated with aging account for more than 75 percent of Medicare and other federal health expenditures. Unprecedented increases in age-related diseases as the population ages are one reason the Congressional Budget Office projects that total spending on healthcare will rise from 17 percent currently to 25 percent of the U.S. gross domestic product by 2025.

Alzheimer’s disease and related dementias are a particularly dramatic example of the crisis ahead. The NIA reports that as many as 5.1 million Americans currently have Alzheimer’s disease, and the incidence is expected to triple to 13.8 million by 2050. The financial burden of Alzheimer’s disease on the United States is anticipated to increase exponentially from \$307 billion annually to \$1.5 trillion as baby boomers age. The NIA is the lead federal agency for research into Alzheimer’s disease.

Between Fiscal Year (FY) 2003 and FY 2010, scientists at NIA saw a series of nominal increases and cuts that amounted to a 14.7 percent reduction in constant dollars.

For FY 2014, Congress provided just \$540 million for Alzheimer’s disease, while \$6 billion went to cancer research, \$3 billion to HIV/AIDS, \$2 billion to cardiovascular disease, \$1.3 billion to heart disease, and more than \$1 billion to diabetes. In its FY 2015 appropriations bills, the Senate proposed a \$100 million increase for Alzheimer’s research, but the final omnibus recommended only a \$25 million increase, to \$565 million.

Then, in FY 2016, Congress provided a huge increase in funding to Alzheimer’s research, providing \$936 million in the final omnibus appropriations bill. The omnibus also includes an \$85 million set aside for the Brain Research through Advancing Innovative Neurotechnologies (BRAIN) Initiative, as well as increases the Department of Defense’s Alzheimer’s research budget by \$15 million.

While Congress has not yet enacted FY 2017 appropriations measures, both the House and Senate Appropriations Committees recommend increases in Alzheimer’s research. The Senate Committee recommends an increase of \$400 million for Alzheimer’s research compared to the House’s recommendation of a \$350 million increase in funding. With regard to the BRAIN Initiative, the Senate recommends a \$100 million increase while the House recommends a \$45 million increase.

Older Americans Act Programs

Most federal programs that exist for the delivery of social and nutritional services for the elderly in St. Lucie County emanate from the Older Americans Act (OAA). These include supportive services, congregate nutrition services (meals served at group sites such as senior centers, schools, churches, or senior housing complexes), home-delivered nutrition services, family caregiver support, community



service employment, and services to support the health, and prevent the abuse, neglect, and exploitation, of older persons.

The OAA was reauthorized in April 2016 through Fiscal Year 2019. This marks a major milestone as the programs under the OAA operated without authorization since Fiscal Year 2011. The bill was championed by Senators Alexander and Sanders and ultimately passed both the House and Senate by a voice vote.

The majority of the funding for OAA grant programs goes through the Department of Health and Human Services' Administration for Community Living (ACL), which provides formula funds to state and local agencies designated to provide direct services to the elderly. The ACL also offers some competitive opportunities.

The federal government provides some flexibility for spending allocated OAA funds in areas where there is a greater need. These services are available to all persons aged 60 and older, but are targeted to those with the greatest economic or social need, particularly low-income and minority persons and the elderly who live in rural areas.

During a time when funding for many federal domestic programs has been significantly reduced, appropriations provided for the ACL have remained relatively stable. Between Fiscal Years (FY) 2013-2015, funding for the ACL was \$1.47 billion, \$1.61 billion, and \$1.62 billion, respectively. For FY 2016, the Administration proposed a slight increase to \$2.1 billion for the ACL and its programs. Congress, however, provided \$1.96 billion for the ACL in the FY 2016 omnibus. While FY 2017 appropriations bills are not yet enacted, the House Appropriations Committee recommends \$2 billion in funding for the ACL while the Senate Appropriations Committee recommends \$1.935 billion.

RECOMMENDED POSITION: *Support* adequate federal funding for Alzheimer's and dementia research at the National Institute on Aging. *Support* continued adequate annual funding for Older Americans Act programs that support critical social service programs serving elder persons in St. Lucie County.



FEDERAL ISSUE: Economic Development Administration

BACKGROUND; HOW IT MAY AFFECT ST. LUCIE COUNTY: The Economic Development Administration (EDA) is primarily a granting agency that funds economic development projects throughout the country. Successful projects often leverage roughly 200 new jobs and \$24 million in private investment for every \$1 million of EDA investment.

St. Lucie County has secured these funds in the past for economic development projects, including at the airport. In December 2010, St. Lucie County submitted a grant application to the EDA to help fund an infrastructure project at the Treasure Coast Research Park (TCRP). EDA initially approved the grant, but later rescinded the application due to challenges related to securing private sector commitments of job creation.

More recently, in 2013, the Treasure Coast Education, Research and Development Authority (TCERDA) applied for funding for their proposed Sunshine Kitchen Food Business Incubator (SKFBI) project through the EDA's Public Works Investment Assistance Program. The SKFBI project calls for the construction of an 8000 square foot structure on the TCRP campus to house a professionally-equipped commercial kitchen and research lab designed to aid entrepreneurs in the development of commercially viable food ventures. Once constructed, the SKFBI will offer professional business consultative services to assist in developing a business plan for their ventures and serve as a working laboratory to develop, process, market, package, and promote their product. Although this initial request was denied, the County and TCERDA reapplied for funding and were awarded \$895,000 in 2014 for the SKFBI project.

Congressional initiatives and a 2016 Heritage Foundation, reportedly being vetted by the Trump Administration, have proposed the elimination of the EDA, as its mission is seen as duplicative by some. In June 2012 the Senate failed to pass the "Economic Development Revitalization Act," which would have reauthorized the Economic Development Administration (EDA) through 2015. EDA's authorization expired in September 2008, but funding via the appropriations process has kept it functioning without an authorization.

The FY 2016 omnibus appropriations bill provided a slight boost in funding from the prior fiscal year to \$261 million. In the FY 2017 budget request, the President proposed to slightly reduce funding for the EDA to \$258 million. In their respective FY 2017 appropriations bills, the House has proposed \$264.5 million in funding while the Senate has suggested \$254 million for the EDA.

RECOMMENDED POSITION: **Support** continued annual funding of the Economic Development Administration. **Support** any St. Lucie County Economic Development Administration grant applications as applicable.



FEDERAL ISSUE: Community Services Block Grants & the Low Income Home Energy Assistance Program

BACKGROUND; HOW IT MAY AFFECT ST. LUCIE COUNTY: The Community Services Block Grant (CSBG) program allocates federal funding to alleviate the causes and conditions of poverty in communities. The funds provide for a range of services and activities to assist the needs of low-income individuals, including those addressing employment, education, better use of available income, housing, nutrition, emergency services and/or health.

In St. Lucie County, the Community Services Division administers CSBG funding, which is the most flexible funding source the County has for addressing self-sufficiency initiatives. The program has income requirements, yet is not an entitlement program, thereby allowing the County to work with clients that are highly motivated to reduce their dependence on public benefits.

The CSBG program has seen strong funding levels over the past few years, receiving \$674 million in FY 2014 and FY 2015 and \$715 million in FY 2016. For FY 2017, the House and Senate Appropriations Committees both recommend funding the CSBG program at the FY 2016 level of \$715 million.

Meanwhile, the Low Income Home Energy Program (LIHEAP) provides heating assistance to low-income households. Also administered in St. Lucie County, LIHEAP is the only lifeline for some of the most impoverished families and seniors in the community. While LIHEAP is often thought of as a program that benefits northern states, it is equally important in Florida due to the expense of cooling a residence during excessive heat in the summer months.

The LIHEAP program has seen reduced funding over the past few years. In FY 2015, the Administration's budget request proposed cutting the program from \$3.4 billion in FY 2014 down to \$2.8 billion, a greater than 45 percent reduction from FY 2010 when LIHEAP was funded at \$5.1 billion. Congress, however, ultimately provided \$3.39 billion to LIHEAP in the FY 2015 omnibus. In FY 2016, the Administration requested level funding of \$3.39 billion for LIHEAP, with Congress honoring that request in the FY 2016 omnibus. For FY 2017, the Administration proposed a funding level of \$3 billion. The Senate Labor, Health and Human Services Appropriations Subcommittee recommended \$3.39 billion for FY 2017, which is level with FY 2016 funding, while the House Labor, Health and Human Services Appropriations Subcommittee recommended \$3.49 billion for FY 2017.

RECOMMENDED POSITION: *Support* continued adequate annual funding for both the Community Services Block Grant and the Low Income Home Energy Assistance Program.



FEDERAL ISSUE: Department of Housing and Urban Development Formula Programs

BACKGROUND; HOW IT MAY AFFECT ST. LUCIE COUNTY: St. Lucie County and its two largest cities receive direct allocations of funding from two Department of Housing and Urban Development (HUD) formula programs: the HOME Investment Partnership (HOME) and Community Development Block Grants (CDBG).

CDBG is a flexible grant program that provides communities with federal funding to address a wide range of unique community development needs. The CDBG program provides annual grants on a formula basis to states and local governments.

HOME funds are designed to create affordable housing for low-income households and are awarded annually as formula grants to participating jurisdictions. HUD establishes HOME Investment Trust Funds for each grantee, providing a line of credit that the jurisdiction may draw upon as needed. The program allows local governments to use HOME funds for grants, direct loans, loan guarantees or other forms of credit enhancement, rental assistance, or security deposits.

Since Fiscal Year (FY) 2010, nationwide funding for the CDBG and HOME programs has been significantly reduced with varying changes to individual recipients. The FY 2016 omnibus appropriations bill provided \$3 billion for the CDBG program, which was a slight decrease from FY 2014 funding. HOME, meanwhile, received a small increase from \$1 billion to \$950 million. In FY 2015, the County received \$477,243 in HOME funding, and the cities of Fort Pierce and Port St. Lucie received \$474,148 and \$973,786, respectively, in CDBG funds. In FY16, the County received \$465,278 in HOME funding, and the cities of Fort Pierce and Port St. Lucie received \$484,925 and \$1,045,863, respectively, in CDBG funds.

For FY 2017, the Administration proposed in its budget a reduction for CDBG to \$2.8 billion and proposed to maintain funding for the HOME program at \$950 million. To date, both the House and Senate have proposed \$3 billion for CDBG and \$950 million for HOME in their respective FY 2017 appropriations bills which have yet to be completed.

RECOMMENDED POSITION: *Support* adequate funding for future fiscal years for both the HOME Investment Partnerships and the Community Development Block Grants programs because of their critical role in the County's overall efforts to support those that are least fortunate.



FEDERAL ISSUE: Federal Criminal Justice Reform

BACKGROUND; HOW IT MAY AFFECT ST. LUCIE COUNTY: The 114th Congress developed legislation aimed at reforming the criminal justice system. The Obama Administration also placed emphasis on the issue. The legislative effort consists of several different pieces of legislation, three of which are outlined below. However, given the altered political dynamics in Washington with a new Administration, the future of these efforts is unclear.

The first, and largest, of the bills – the Sentencing Reform and Corrections Act of 2015 (S. 2123) – is designed to address overcrowding in the federal prison population by reducing mandatory minimums for certain prison sentences, such as non-violent, non-trafficking drug offenses, while also raising the mandatory minimum for other crimes, such as domestic violence. The bill would also promote the expungement of certain juvenile offenses, increase opportunities for juveniles to be parole-eligible, and establish pre-release reentry programs to help incarcerated individuals prepare to reenter society. In the 114th Congress, S. 2123 was approved by the Senate Judiciary Committee by a vote of 15-5 but was not considered on the Senate floor. To date, the bill has not been reintroduced in the 115th Congress.

A second bill – the Second Chance Reauthorization Act (S. 1513/H.R. 3406) – would reauthorize and streamline the Second Chance Act programs, which provide grants, training, and technical assistance to states, local governments, and nonprofits to prevent criminal recidivism. The various programs include demonstration grants, reentry courts, mental health and addiction treatment, and employment services, among others. In the 114th Congress, the House Judiciary Committee approved H.R. 3406, but S. 1513 was not considered in the Senate. The bill has not yet been reintroduced in the 115th Congress.

Another bill - the Comprehensive Justice and Mental Health Act of 2015 (S.993/H.R. 1854) - would reauthorize and update the Mentally Ill Offender Treatment and Crime Reduction Act to help facilitate collaboration among the criminal justice, juvenile justice, mental health treatment, and substance abuse systems to ensure those with mental illness receive the care they need. The Senate unanimously passed S. 993 in December 2015 and the House Judiciary Committee approved H.R. 1854 in January 2016. The bill was not considered by the full House in the 114th Congress. Thus far, the bill has not been reintroduced in the 115th Congress.

At this point, with a new Administration and a Congress preoccupied with nominations and executive orders, the path and timeline for criminal justice reform are unclear. The Trump Administration's position on criminal justice reform remains largely a mystery outside of his "law and order" rhetoric on the campaign trail. However, Speaker Ryan indicated that criminal justice reform remains a priority in the 115th Congress when asked about the topic in January. A House Judiciary Committee staffer told the press that there has been communication with the Trump transition team on the committee staff on the matter. While Speaker Ryan and Senate Majority Leader Mitch McConnell both declined to bring bipartisan efforts which passed the respective House and Senate Committees to the floor in the 114th Congress, it is likely that lawmakers will continue to push legislation in this arena during the 115th Congress. Although, there are a number of "tier-one" legislative efforts that will likely garner attention first including healthcare, tax reform, and the Supreme Court nomination among others.

RECOMMENDED POSITION: *Support* legislation that seeks to improve the federal criminal justice system, including improvements to mental health services for offenders.



FEDERAL ISSUE: Domestic Discretionary Spending Pressure

BACKGROUND; HOW IT MAY AFFECT ST. LUCIE COUNTY: It has been reported that the Trump Administration is working on a plan to reduce federal spending by \$10.5 trillion over ten years. The plan being used to develop the cuts is very similar to that produced by the Heritage Foundation last year and is reported to be forming the basis for the Administration's Fiscal Year (FY) 2018 budget outline that is expected to be released before President Trump's first State of the Union on February 28. The full FY 2018 budget may then be released in April.

Among other things, following are a number of areas of concern with the Heritage proposal. They include:

- Eliminate the DOJ Office of Community Oriented Policing Services, including the relatively well-known COPS hiring grant program
- Eliminate all grants from the DOJ Office of Justice Programs, including the Byrne Justice Assistance formula grant program (Byrne JAG)
- Eliminate the Economic Development Administration, which provides grants for local economic development projects that create jobs
- Eliminate the Small Business Administration disaster loan program
- Reduce funding for FEMA's Disaster Relief Fund, including raising the per capita threshold for disaster declarations and reducing the federal cost share from between 75 and 100 percent to 25 percent
- Eliminate FEMA's fire grant programs – the SAFER and AFG programs used to hire staff and purchase equipment
- Eliminate the EPA's National Estuary program
- Allow the Land and Water Conservation Fund, including the state grant program, to expire
- Eliminate the National Endowment for the Arts
- Open all federal lands and waters to resource development
- Eliminate Workforce Investment and Opportunity Act Job-Training Programs
- End the Head Start program over ten years
- Phase out the Federal Transit Administration, including all funding from the agency
- Eliminate the TIGER grant program

Many of these programs have been targeted before, often most recently by President Obama's Deficit Commission from 2010. While it is hard to know exactly how seriously to take these proposed cuts, it is clear there is significant pressure to reduce domestic discretionary spending (as opposed to military or non-discretionary programs like Social Security). Also, even if President Trump proposed these types of cuts, Congress would have to agree with them, which is far from a certainty.

RECOMMENDED POSITION: *Monitor* proposed cuts to non-defense discretionary programs of importance to St. Lucie County.



FEDERAL ISSUE: Citrus Issues

BACKGROUND; HOW IT MAY AFFECT ST. LUCIE COUNTY: The Indian River Citrus District's premium crop has been, and will continue to be, grapefruit, although oranges which are often blended into juice are also grown in the District. St. Lucie County growers are within the Indian River Citrus District. Currently, the District raises 70% of the total grapefruit crop grown in the State of Florida. Three out of every four grapefruit that leave the State of Florida fresh come from this District. Approximately 14 million cartons of "Indian River" fruit were exported during the 2006-2007 season.

Unfortunately, citrus trees and crops face serious threats from infectious diseases, especially citrus greening or huanglongbing (HLB). This disease reduces production and destroys the economic value of fruit. The spread and cause of HLB are associated with a phloem-feeding insect (Asian citrus psyllid (ACP), *Diapharina citri*) and a fastidious bacterium (*Candidatus Liberibacter asiaticus*).

To respond to such threats, federal funding has primarily funded research into the issue. Interest in continuing the fight against greening has also spawned federal legislation. In the 114th Congress, Rep. Buchanan (R-FL) introduced H.R. 3957, the *Emergency Citrus Disease Response Act* in 2015 to allow citrus farmers to immediately write-off the costs of planting new citrus groves. Under current law, the existing tax deduction does not kick in until the new grove produces income, which can take years. The theory behind the legislation is to provide an incentive for citrus farmers to plant new crops to keep up with demand without the risk of severe financial loss from citrus greening. Amending the deduction has been a point of discussion in citrus greening for a numbers of years.

In the 114th Congress, the bill had 33 cosponsors in addition to Buchanan, including Rep. Murphy. Senator Nelson introduced an identical bill in the Senate, S. 2346. Senators Rubio and Cornyn were co-sponsors. In the 114th Congress, the bill passed the House under suspension of the rules, however the Senate did not consider the measure.

In early January, Congressman Buchanan and Senator Nelson reintroduced the legislation in both chambers – H.R. 112 and S. 71. In the House, the bill has 11 co-sponsors (Rooney, Frankel, Posey, Vela, Yoho, Gonzalez, Bilirakis, Ros-Lehtinen, Diaz-Balart, Ross and Curbelo), and in the Senate it has 2 cosponsors (Rubio and Cornyn).

RECOMMENDED POSITION: *Support* federal efforts to benefit the citrus industry given its large importance to the economy of St. Lucie County.



FEDERAL ISSUE: Tax-Exempt Bonds

BACKGROUND; HOW IT MAY AFFECT ST. LUCIE COUNTY: Although municipal bonds have been tax-exempt for almost 100 years, a number of federal proposals target this exemption, particularly as part of the debate regarding tax reform or federal spending reduction. With local governments facing severe budget difficulties, any proposal to limit the tax exemption would put more pressure on local finances by reducing demand for tax-exempt bonds and increasing borrowing costs for local governments, ultimately leading to higher taxes or reduced services.

As in previous years, the Obama Administration proposed a 28 percent limit on all itemized deductions for high-income individuals in its Fiscal Year (FY) 2017 budget. If accepted by Congress, this would apply to all new and outstanding municipal bonds. According to a study conducted by the National Association of Counties, if this 28 percent cap had been in place over the past decade, borrowing costs to state and local governments would have increased by over \$173 billion, while a full repeal would have cost nearly \$500 billion over the same time period.

Meanwhile, the Trump Administration and the 115th Congress are expected to focus on comprehensive tax reform in 2017, making it a top priority. Among many other provisions, and to generate revenue to cover the cost of legislation, the Trump Administration has suggested its tax reform agenda will “reduce or eliminate most deductions and loopholes available to the very rich.”

This almost surely would include municipal bond deductions, meaning that bond issuers would have to offer higher rates to attract investors. It is estimated that the difference in the rate of earnings the County and other local governments would need to offer prospective buyers for their taxable bonds would depend on the market, but typically would range from 1.5 to 2 percent more for those offerings. On \$1 million borrowed, this would likely cost \$20,000 more in interest per year. Taking this further, if the County were to amortize a \$100 million loan over 30 years at taxable bond rates two percent higher than if the bonds were tax-exempt, the additional cost to taxpayers over those 30 years could be roughly \$30 million.

RECOMMENDED POSITION: *Oppose* tax reform legislation that threatens the tax exemption on state and local bonds, including a 28 percent cap on tax-exempt municipal bonds.



FEDERAL ISSUE: Remote Sales-Tax Legislation

BACKGROUND; HOW IT MAY AFFECT ST. LUCIE COUNTY: Currently, retailers are only required to collect sales tax in states where they have brick-and-mortar stores. The burden then falls to consumers to report to state tax departments any sales taxes they owe for online purchases. Often, due to complex reporting requirements, consumers do not report those purchases when completing their tax returns. As a result, local retailers are at a competitive disadvantage because they must collect sales taxes while out-of-state retailers, including many large online and catalog retailers, essentially give their customers a discount by collecting no state or local sales taxes.

Therefore, the current sales tax system is perceived as being unfair to brick-and-mortar retailers that employ local residents, including local stores as well as national chains like Best Buy or Home Depot. The lost revenue is also a drain on local governments. In 2014, uncollected sales tax was estimated to have cost local governments \$23 billion nationwide.

To correct this inequity across the country, Congress introduced the Marketplace Fairness Act in both the House and Senate during the 113th Congress. The bill would have created two systems from which states could choose to facilitate the process of collecting these taxes. The first would have been the already established Streamlined Sales and Use Tax Agreement (SSUTA), which would have simplified state and local sales and use tax laws. Twenty-four states have already signed this agreement, which is also supported by the National League of Cities and the U.S. Conference of Mayors. The second alternative would have allowed for states to meet minimum requirements for their state tax laws and administration thereof. To protect small, online retailers, this legislation would have also exempted sellers who make less than \$1,000,000 in total remote sales from the requirement to collect taxes.

In 2013, the Senate passed the Marketplace Fairness Act with bipartisan support by a vote of 70-24, with Senator Nelson voting for the measure and Senator Rubio against it. In the House, companion legislation was not considered, although it had 67 cosponsors, including Florida Representatives Deutch, Ross, Wilson, and Diaz-Balart, and former Rep. Crenshaw.

The issue reemerged in the 114th Congress. Most recently, in August 2016, House Judiciary Committee Chairman Bob Goodlatte (R-VA) released a discussion draft known as the Online Sales Simplification Act (OSSA), which would implement a hybrid-approach to taxing purchases made remotely. Under the draft, states would be able to impose sales tax on remote sales if the state first participates in a clearinghouse established under the OSSA. Then, remote sales would be taxable if the origin state collects sales taxes, yet at a rate adopted by the destination state. The sales tax rate would be a single state-wide rate determined by each participating state. This is significant as it would eliminate the option for many communities to add additional sales taxes for various local needs.

The increasing pressure to pass remote sales tax legislation may have something to do with court cases in South Dakota and Alabama that are challenging a 1992 Supreme Court decision holding that states cannot require retailers with no in-state presence to collect sales tax. Both states have recently enacted rules requiring all retailers who sell more than a certain dollar amount of goods annually in the state to collect sales tax, regardless of physical presence. Overturning the 1992 decision would require the Supreme Court to take up at least one of the cases (and rule in favor of the state) or an act of Congress.



Given this, and the reluctance of many Republicans to pass such a law, the issue may remain in the courts for the next several years. However, there is still a small a possibility that remote sales tax language could be included in a broader tax reform package that could be considered in the 115th Congress.

RECOMMENDED POSITION: **Monitor** legislation that requires companies making catalog and internet sales to collect and remit the associated taxes. **Support** federal tax policies that maintain revenue streams to local governments.



FEDERAL ISSUE: Transient Occupancy Taxes

BACKGROUND; HOW IT MAY AFFECT ST. LUCIE COUNTY: In the 111th and 113th Congresses, attempts were made to insert language into various pieces of legislation that would have exempted online travel brokers (Expedia, Travelocity, etc.) from remitting the full transient occupancy tax rate collected from consumers to the appropriate local government. For instance, if Expedia or a similar purveyor were to pay \$60 for a room in St. Lucie County and then sell that room to a consumer for \$100, they would be able to, under the proposal, only remit \$3 dollars to the local government instead of \$5 (using the County's 5 percent tourist development tax for illustrative purposes).

In 2009, 17 Florida counties filed an action against a number of online travel companies (OTC's) alleging that the companies have failed to collect and/or pay taxes under the respective tourist development tax ordinances. Those counties agreed to settle with the online travel companies for \$6.1 million in 2010. During 2012, there were several Florida State Circuit Court cases that ruled in favor of the OTCs. Two cases, including the 17 county case, cited that Florida law is not clear on the issue, while a Circuit Court Judge ruled more directly that the OTCs only owe local tourist taxes on the discounted rates they paid for the rooms. Then, in June of 2015, the Florida Supreme Court affirmed the lower court rulings, stating that online travel companies are not hotels and, therefore, do not have to pay occupancy fees.

Meanwhile, in 2012, the District of Columbia government won a suit where a judge ruled that online travel firms should repay back taxes on the full retail price of hotel rooms they sold to consumers in the years after the D.C. City Council passed legislation mandating they do so. In 2014, a conditional settlement was reached in this case with six online travel firms. Although they have a right to appeal the D.C Superior Court decision, they agreed to pay \$60.9 million in back taxes to the D.C. government. Between 1998 and 2010, the amount owed in the lawsuit was estimated to be over \$200 million.

In 2015, local governments reportedly filed 88 lawsuits against Expedia and others for tax underpayment. The company won dismissal in 23 cases while 35 remain active. The remainder of the cases have been settled, put on hold, referred to administrative proceedings, or otherwise resolved. A 2011 estimate by the Center for Budget and Policy Priorities suggests that state and local governments lose as much as \$396 million a year due to such remittance practices by online hotel purveyors.

These examples demonstrate how courts across the country have ruled differently on this issue over the past few years, which has led online travel purveyors to continue to seek federal legislation that would codify their goal of not remitting taxes on the price of the hotel room paid by the consumer. In 2012, several of these online discount travel brokers (including Expedia, Orbitz, and Priceline) organized and registered to lobby under a new organization called the "Interactive Travel Services Association," whose purpose is to advocate on several issues, including "taxes and fees related to travel."

In 2013, Expedia and other online hotel room purveyors attempted to amend the Marketplace Fairness Act to achieve their transient occupancy tax objectives. Ultimately, this effort was unsuccessful and the bill was passed out of the Senate without this language.

In Fiscal Year 2014-2015, St. Lucie County collected \$3.4 million from its tourist development tax, which is used to support the tourism industry in the region. This was a 12.7 percent increase from the previous fiscal year. This level of funding underscores the importance of this revenue source and the need to ensure it is not constrained by detrimental legislation.



RECOMMENDED POSITION: *Oppose* legislation that would exempt Internet travel brokers from paying taxes on the full room rate paid by the consumer, thereby costing St. Lucie County and its political subdivisions the opportunity to collect the appropriate Transient Occupancy Taxes from visitors to the region.